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COMMERCIALIZATION AND REVENUE SHARING

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NOTE: The first appearance of terms in bold in the body of this document (except titles) are defined terms – please refer to the Definitions section.

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OBJECTIVES

- To outline the rights and obligations of Alberta Health Services (AHS) and **intellectual property creators (IP creators)** in the **commercialization** and revenue sharing of **intellectual property (IP)**.

APPLICABILITY

Compliance with this document is required by all Alberta Health Services employees, members of the medical and midwifery staffs, students, volunteers, and other persons acting on behalf of Alberta Health Services (including contracted service providers as necessary).

ELEMENTS

1. Commercialization of Intellectual Property

- 1.1 The Vice President, Provincial Clinical Excellence (VP, PCE) may convene a working group for each IP commercialization project for assessment of the IP. Membership of the working group is determined by the VP, PCE based on the specific skill sets required for each project.
- 1.2 The VP, PCE shall consult with the IP creator and the working group, as appropriate, with respect to the commercialization strategy of the IP. Such consultation includes, but is not limited to:
 - a) exploring opportunities for further research or evaluation to be performed by the IP creator or others;
 - b) potential revenues that may arise from commercializing the IP;

- c) payment of legal costs related to IP protection; and
 - d) other aspects of commercializing the IP.
- 1.3 The IP creator is not responsible for paying any costs relating to the commercialization of AHS-owned IP.
- 1.4 Final IP commercialization strategies are determined by the VP, PCE. Such strategies may include:
- a) in-house development with grant/donor funding;
 - b) licensing the technology to a third party (i.e., exclusive, non-exclusive, sole, limited exclusive);
 - c) pursuing a joint venture;
 - d) creating a spin-off company; or
 - e) developing an exit strategy, including but not limited to the sale of the IP.
- 1.5 If the VP, PCE determines that AHS no longer wishes to continue to commercialize the IP, AHS may discontinue such efforts provided that there are no outstanding contractual commitments, and the IP creator has been offered a transfer of any existing rights relating to the IP in accordance with the AHS *Transfer of Ownership of the Intellectual Property Procedure*.

2. General Principles

- 2.1 Where applicable, the VP, PCE shall consult with the working group to make decisions regarding revenue sharing. In exceptional circumstances, the VP, PCE reserves the right to enter into alternate arrangements other than the revenue sharing arrangements defined in this Procedure.

3. Revenue Sharing

- 3.1 **Net revenue** from commercialized IP is shared in accordance with the AHS *Intellectual Property Policy*.
- 3.2 All net revenues from commercialization of AHS-owned IP are paid directly to AHS and distributed to the appropriate parties by the VP, PCE.
- 3.3 Before AHS-owned IP is transferred to an IP creator, the two (2) parties shall enter into an agreement describing the rules for collecting, reporting, and paying net revenues to each party. Each party is responsible for its own legal costs in negotiating the terms of such agreement.

4. Equity Sharing

- 4.1 In some circumstances, net revenue may include stock, stock options, warrants, or similar financial options ("equity" or "stock") in lieu of or in addition to cash in exchange for the commercialization of IP owned by AHS. The ownership, management, and disposition of such equity or stock shall be determined on a case-by-case basis with the IP creator and other parties involved.
- 4.2 To the extent that cash proceeds of equity or stock are distributed, the proceeds shall be treated as net revenue.

5. Multiple Intellectual Property Creators

- 5.1 In the event that there is more than one (1) IP creator, the IP creators shall determine the division of net revenue among them, which is proportionate to their relative contributions to the IP. Any dispute relating to either the relative contributions of multiple IP creators or their net revenue entitlement is decided in accordance with the *AHS Dispute Resolution Procedure*.

6. Alberta Health Services as Test Site

- 6.1 From time to time, third-party vendors may request AHS to participate as a test site or pilot site for third-party-owned IP. The ownership of any IP created as part of such sponsored innovation is determined by the terms of the agreement between AHS and the third-party vendor. AHS endeavours to obtain a non-exclusive, royalty-free, irrevocable license to use such IP for not-for-profit, research activities.

DEFINITIONS

Commercialization or **commercialize** means the transfer or commercial exploitation or any combination thereof undertaken with respect to IP and includes, without limitation, licensing, sale, or further development through a spin-off company or joint venture.

Intellectual property (IP) means:

- the intangible nature of works or creations that is unique and original;
- any tangible expression thereof;
- the rights arising from the legal protection of IP, including copyright, trademarks, patents, industrial designs, and integrated circuit topographies; and
- know-how and other trade secrets.

IP includes, but is not limited to, technology, technical information, data, databases, formulae, computer software, computer code, drawings, graphics, designs, concepts, ideas, apparatus, processes, research tools, prototypes, methods, techniques, and all original literary, dramatic, musical, and artistic works, all print, multimedia electronic and audiovisual materials, manuals, program packages, and educational materials.

Intellectual property creator (IP creator) means the originator of IP who is an AHS employee, an individual working in association with an AHS employee, an individual using AHS resources, or a partnership of one or more individuals or organizations.

Net revenue means all revenue or other considerations received by AHS or the IP creator from the commercialization of IP, less all direct expenses of pursuing such commercialization including, but not limited to, any fees for protecting, marketing, manufacturing, licensing, publishing, or selling IP.

REFERENCES

- Alberta Health Services Governance Documents:
 - *Dispute Resolution Procedure (#1137-05)*
 - *Intellectual Property Policy (#1137)*
 - *Transfer of Ownership of the Intellectual Property Procedure (#1137-09)*

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